

FLORIDA INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

325 WEST COLLEGE AVENUE ● P.O. BOX 5437 ● TALLAHASSEE, FLORIDA 32314 TELEPHONE (850) 224-2727 ● FAX (850) 222-8190

October 5, 2007

Technical Director – File Reference 1540-100 Financial Accounting Standards Board 401 Merritt 7 PO Box 5116 Norwalk, CT 06856-5116 LETTER OF COMMENT NO.

Via email: director@fasb.org

Re: An FASB Agenda Proposal: Accounting for Insurance Contracts by Insurers and

Policyholders, Including the IASB Discussion Paper, Preliminary Views on

Insurance Contracts

Dear Director:

The Accounting Principles and Auditing Standards Committee (the "Committee") of the Florida Institute of Certified Public Accountants ("FICPA") has reviewed and discussed the subject Proposal, including the four discussion questions contained therein, and has the following comments:

Question #1

The Committee believes that there is a definite need for the FASB to comprehensively address the accounting for insurance contracts. There appears to be vast differences in accounting for insurance contracts under different circumstances, and non-insurance contracts could also be addressed. Consistency of reporting should be a critical issue in this matter.

In addition, the Committee feels that the main purpose of insurance contracts is to indemnify risk, as opposed to compensating for risk as is used by the IASB.

Question # 2

The Committee agrees that the preliminary views expressed in the IASB's Discussion Paper are a good starting point and that these views would be feasible to implement. However, the Committee disagrees with the concept of recognizing an "up-front gain" at the beginning of any insurance contract and believes that any such gain should be deferred and amortized over the life of the contract. Additionally, the Committee disagrees with the concept of recording an internally created customer service asset as this is contradictory to established accounting practices in other industries.

Question # 3

The Committee believes that the FASB also needs to address accounting by policyholders, so that there is a consistency of reporting considerations by all parties to insurance contracts. However, the Committee understands that reporting by insurers has some very complex issues, which may make the reporting by insurers a higher priority than the reporting by policyholders.

Question #4

The Committee believes that the overall conceptual framework, revenue recognition and liabilities and equity should be the FASB's highest priorities and that accounting for insurance contracts should be considered along with other financial instruments. Although the Committee understands the need to establish these priorities, it is also recommended that the FASB increase the priority of accounting for insurance contracts, if needed, in order to jointly address the topic with the IASB.

The Committee appreciates this opportunity to express its views on the subject Proposal. Members of the Committee are available to discuss any aspects of this response.

Respectfully submitted,

Yanick J. Michel, CPA, Chair FICPA Accounting Principles and Auditing Standards Committee

Committee members coordinating this response:

Kristyna E. Rodriguez, CPA Richard G. Edsall, CPA